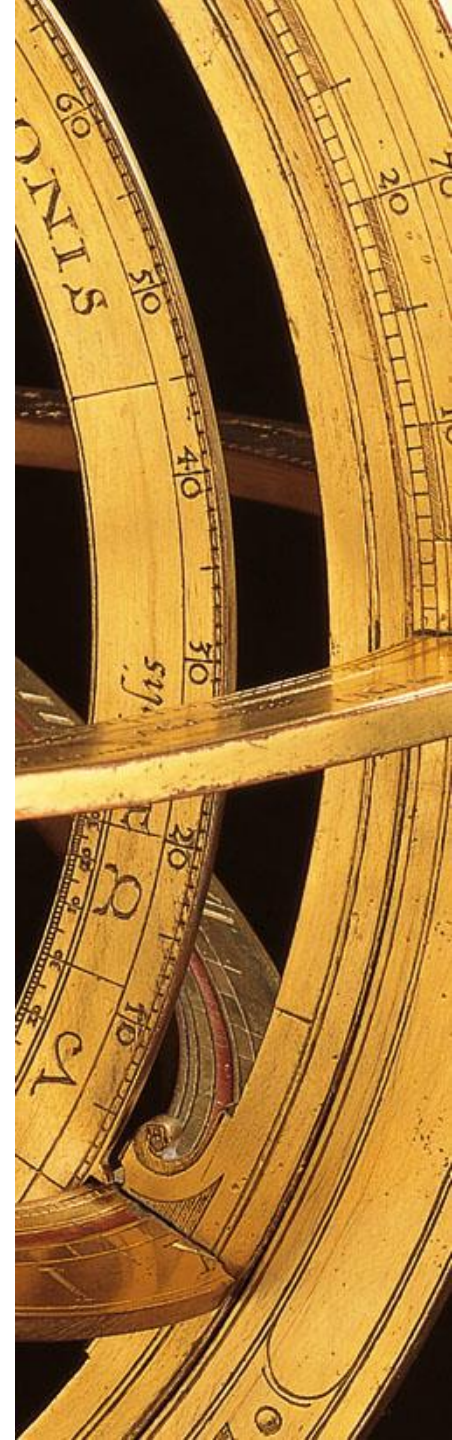




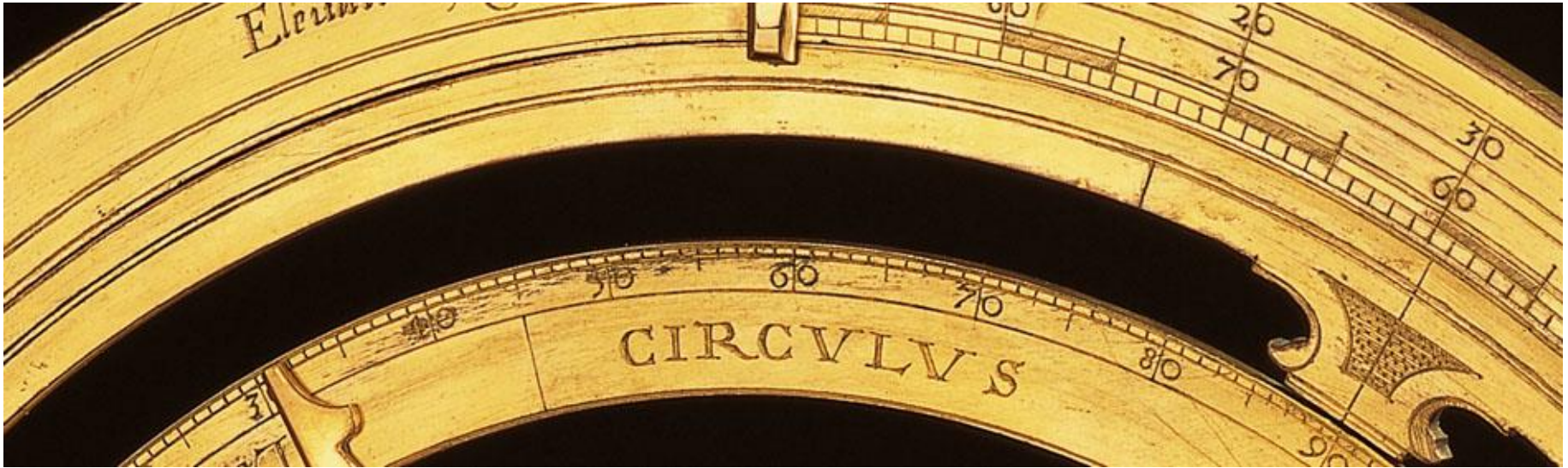
# LGT Financial Results 2019

**LGT – VALUES WORTH SHARING**

Vaduz, 16 March 2020



## Review 2019



H.S.H. Prince Max von und zu Liechtenstein, CEO LGT

# Solid net asset inflows, strong revenue growth, healthy balance sheet

## Results

- Net asset inflows: CHF 13.9 bn (7.0% of AuM)
- Assets under management: CHF 227.9 bn (+15.0%)
- Total operating income: CHF 1 817.7 m (+8.5%)
- Group profit: CHF 308.1 m (-1.9%)
- Cost/income ratio: 74.1% (2018: 74.0%)
- Total assets: CHF 49.4 bn (+13.8%)
- Tier 1 ratio: 19.9% (2018: 17.6%)

## Highlights (1/2)

### Private Banking

- Continued strong net asset inflows in the various locations
- Organic and acquisitions-driven growth initiatives in Asia – Thailand, India
- Successful recruitment of several teams
- Roll-out of the online banking platform LGT SmartBanking for intermediaries
- Successful implementation of measures to increase profitability and leverage economies of scale
- Introduction of the Sustainability Strategy 2025 with a view to improving and expanding the product offering in the sustainability segment

## Highlights (2/2)

### Asset Management

- Continued strong demand for alternative investment products from institutional and private investors
- Holistic integration of ESG into the product range
- Strong gross inflows into private equity, private debt and multi-asset products
- Strong performance in the private markets programs in a positive market environment for these asset classes
- Further organic and acquisitions-driven expansion of the impact investing platform under the LGT Lightstone brand

## Results



Olivier de Perregaux, CFO LGT

## LGT Group income statement 2019

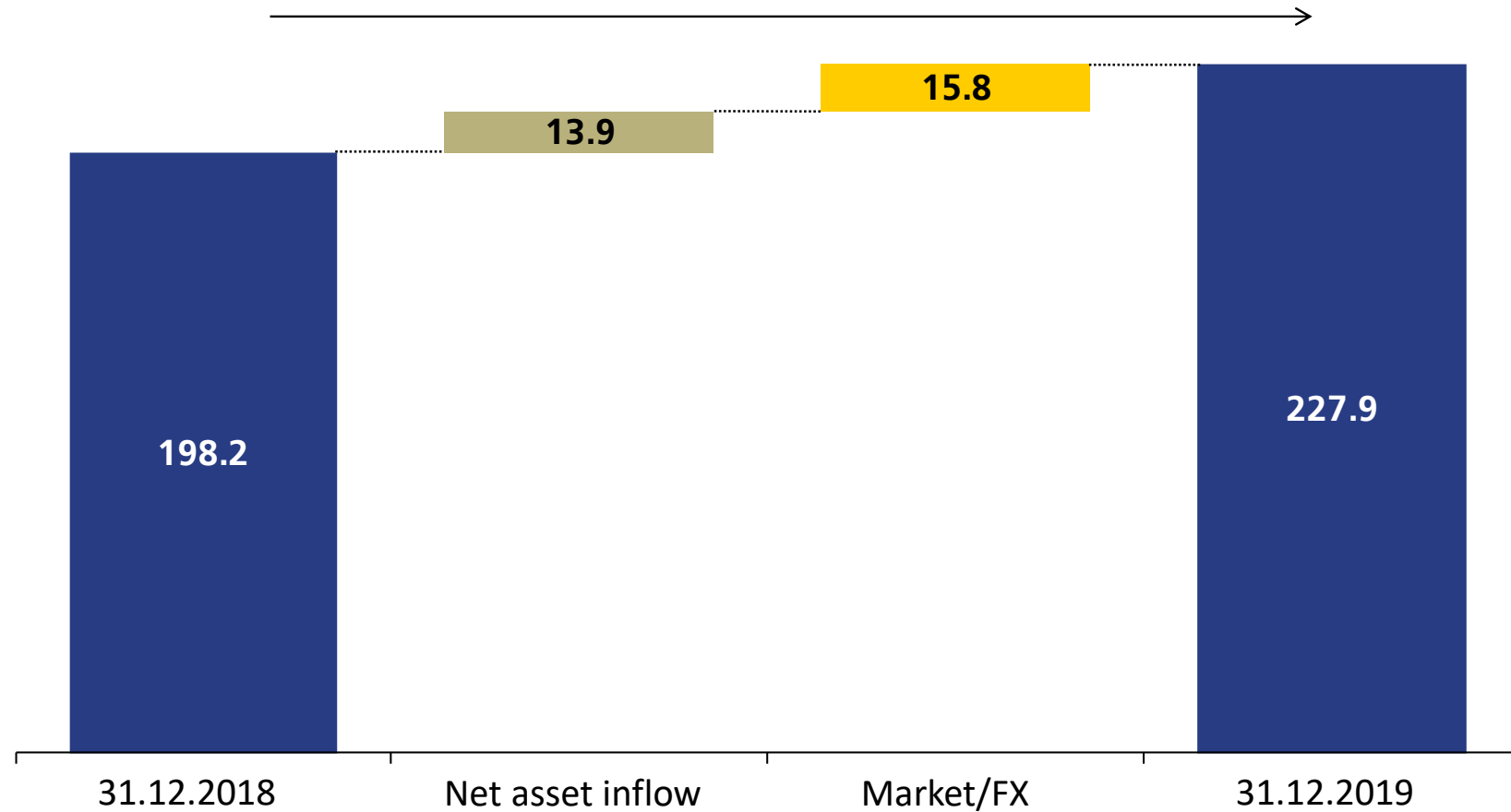
	2019	2018	Change
Net interest and credit losses	286.1	277.8	3.0%
Income from services	1 163.4	1 090.2	6.7%
Income from trading activities and other operating income	368.2	307.8	19.6%
<b>Total operating income</b>	<b>1 817.7</b>	<b>1 675.8</b>	<b>8.5%</b>
Personnel expenses	1 064.8	924.0	15.2%
Business and office expenses	281.9	316.4	-10.9%
<b>Total operating expenses</b>	<b>1 346.7</b>	<b>1 240.3</b>	<b>8.6%</b>
Depreciation, amortization and provisions	117.2	84.1	39.3%
Tax and minority interests	45.7	37.2	22.9%
<b>Group profit</b>	<b>308.1</b>	<b>314.1</b>	<b>-1.9%</b>

IFRS, in CHF million  
(final audit 23.04.2020)

## Development of assets under management 2019

in CHF billion

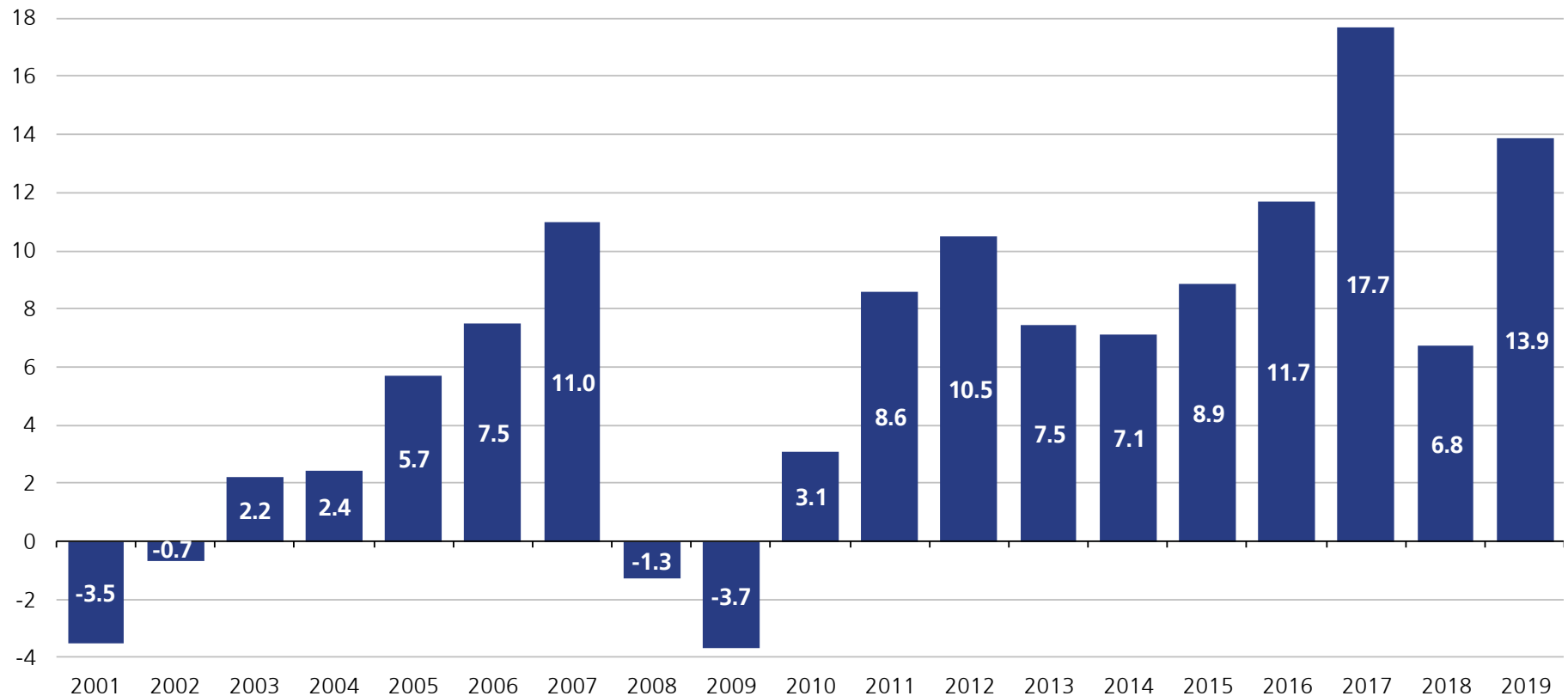
+ 15.0 %



■ Assets under management (in CHF billion)



## Development of net asset inflows since 2001

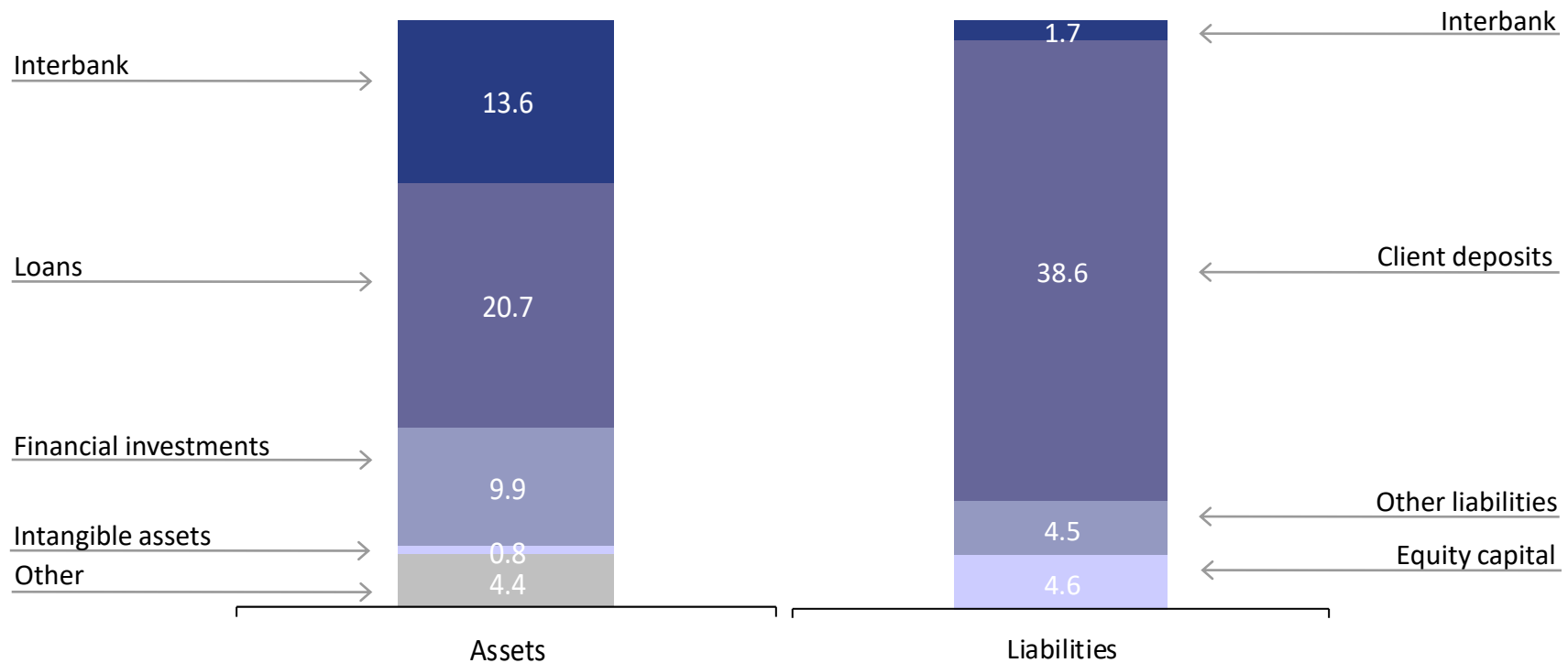


(in CHF billion)

# Balance sheet

in CHF billion

Total assets CHF 49.4 billion



## Other key figures 2019

<b>Balance sheet key figures</b>	<b>2019</b>	<b>2018</b>
Total assets (in CHF bn)	49.4	43.4
Equity capital (in CHF bn)	4.6	4.1
Tier 1 ratio	19.9%	17.6%
Liquidity coverage ratio	218.3%	203.3%
<b>Headcount</b>	<b>3662</b>	<b>3405</b>
<b>Cost/income ratio</b>	<b>74.1%</b>	<b>74.0%</b>
<b>Rating Moody's/Standard &amp; Poor's for LGT Bank Ltd.</b>	<b>Aa2/A+</b>	<b>Aa2/A+</b>

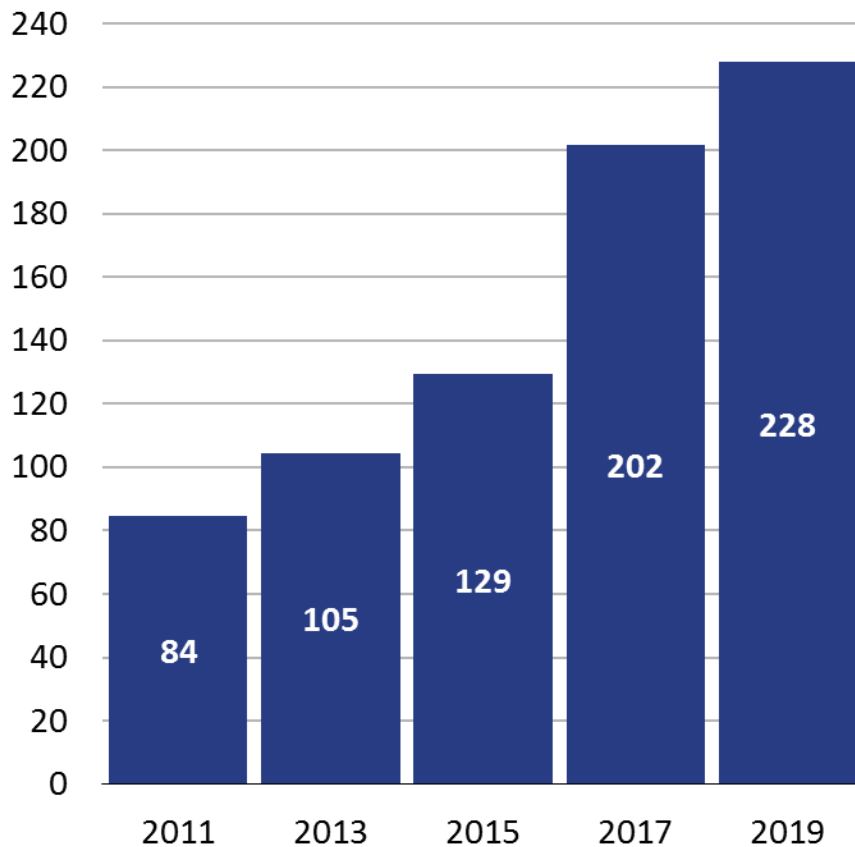
## Strategy and outlook



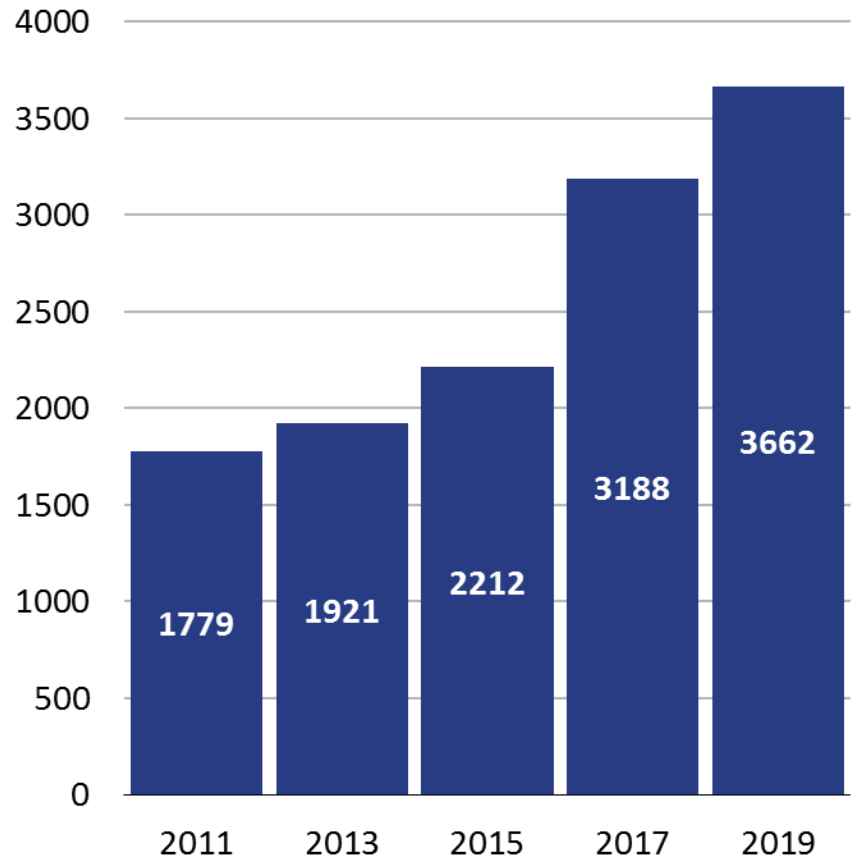
H.S.H. Prince Max von und zu Liechtenstein, CEO LGT

# Development of assets under management (AuM) and number of employees 2011–2019

Assets under management (in CHF bn)



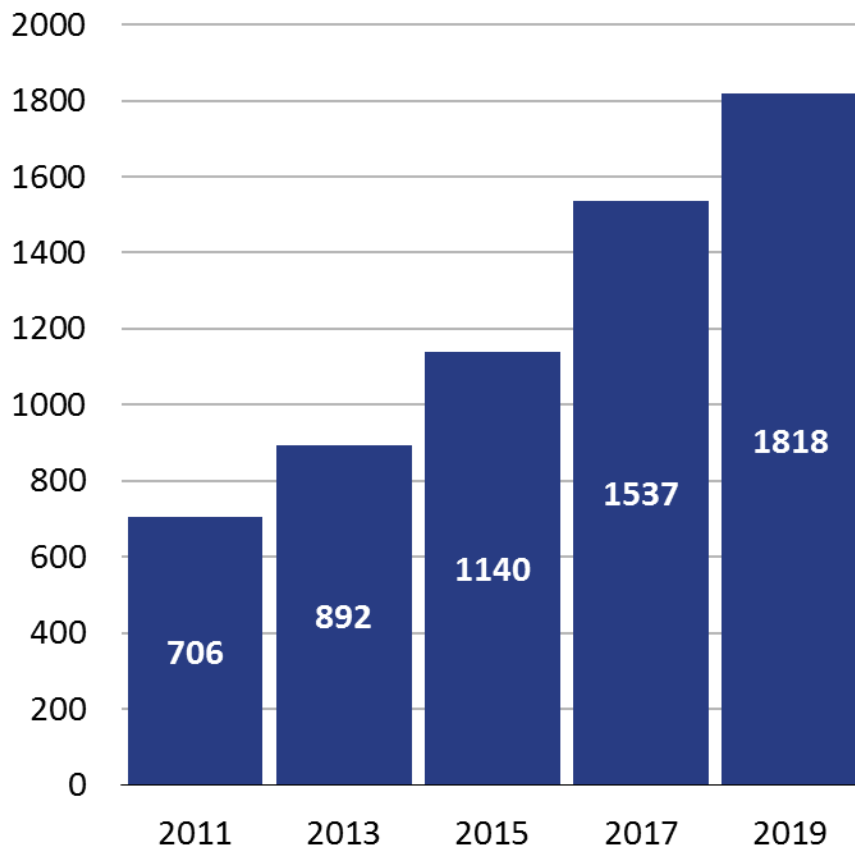
Number of employees (FTEs)



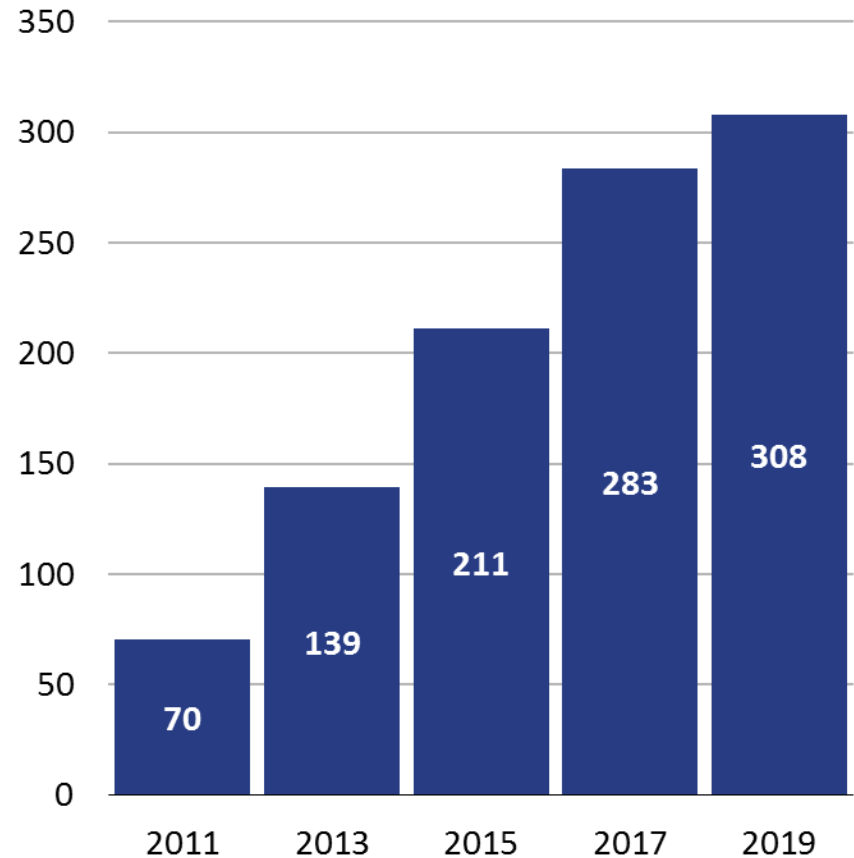
Source: LGT annual reports

# Development of total operating income and group profit 2011–2019

Total operating income (in CHF million)

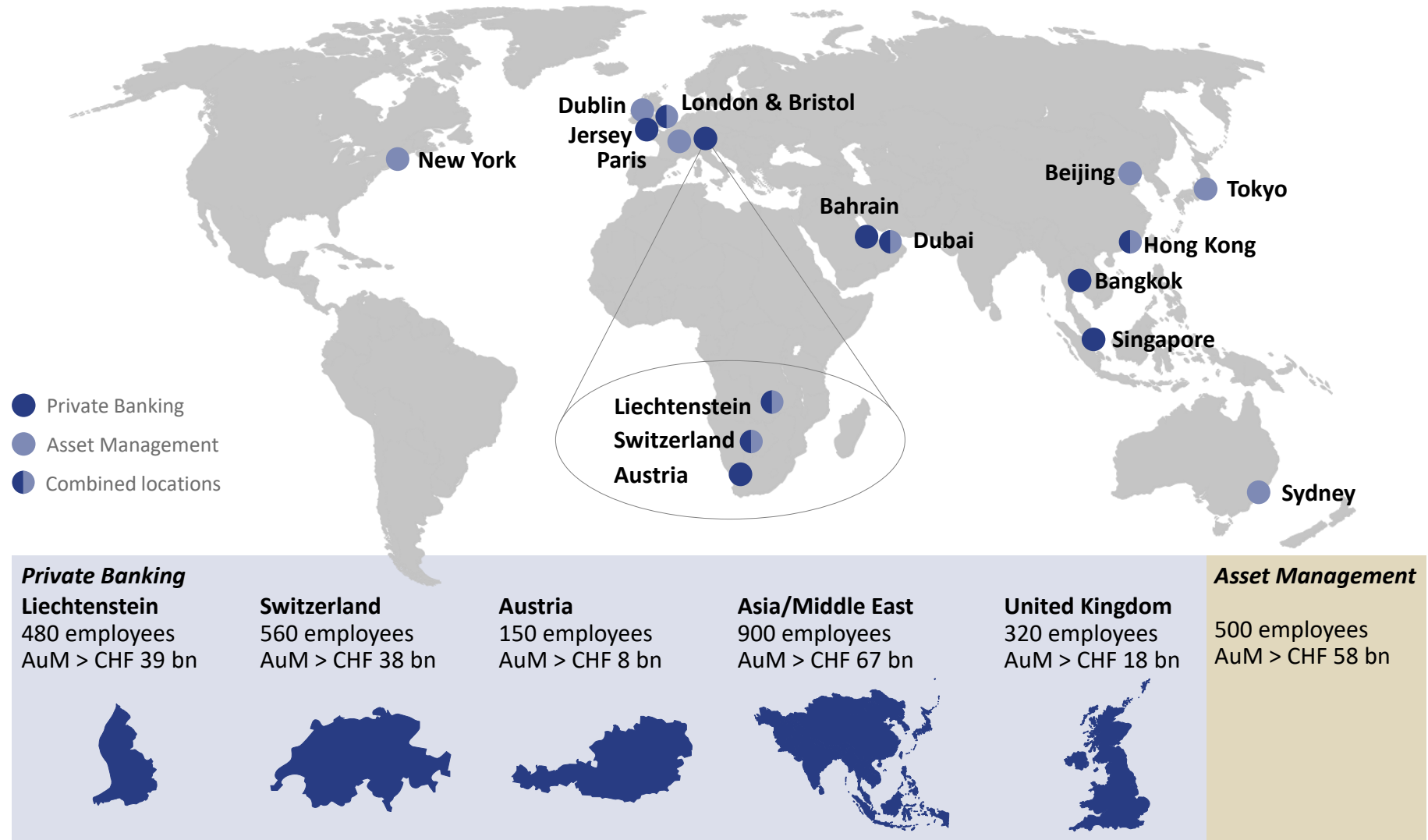


Group profit (in CHF million)



Source: LGT annual reports

# LGT platforms: successful international diversification



## LGT Group: successful development

- Strong market position, high level of consistency and stability
  - With around CHF 230 bn in assets under management, LGT is among the biggest private banks in Europe, Asia and the Middle East, and is a leading asset manager for alternative investments
  - Assets under management have increased by 80 percent in four years; market share gains made in all segments
  - Successful positioning that builds on differentiating characteristics: Long-term and holistic corporate philosophy, stable and efficient ownership structure, focus on Private Banking and Asset Management, co-investment philosophy, strong corporate culture embodied across the bank, high level of efficiency in IT and the middle and back offices
  
- Strategic priorities
  - Growth initiatives in key markets
  - High level of investment expertise
  - Outstanding customer service
  - Digital transformation
  - Robust, efficient and agile processes
  - Focus on sustainability in all business areas



## Private Banking (LGT banks)

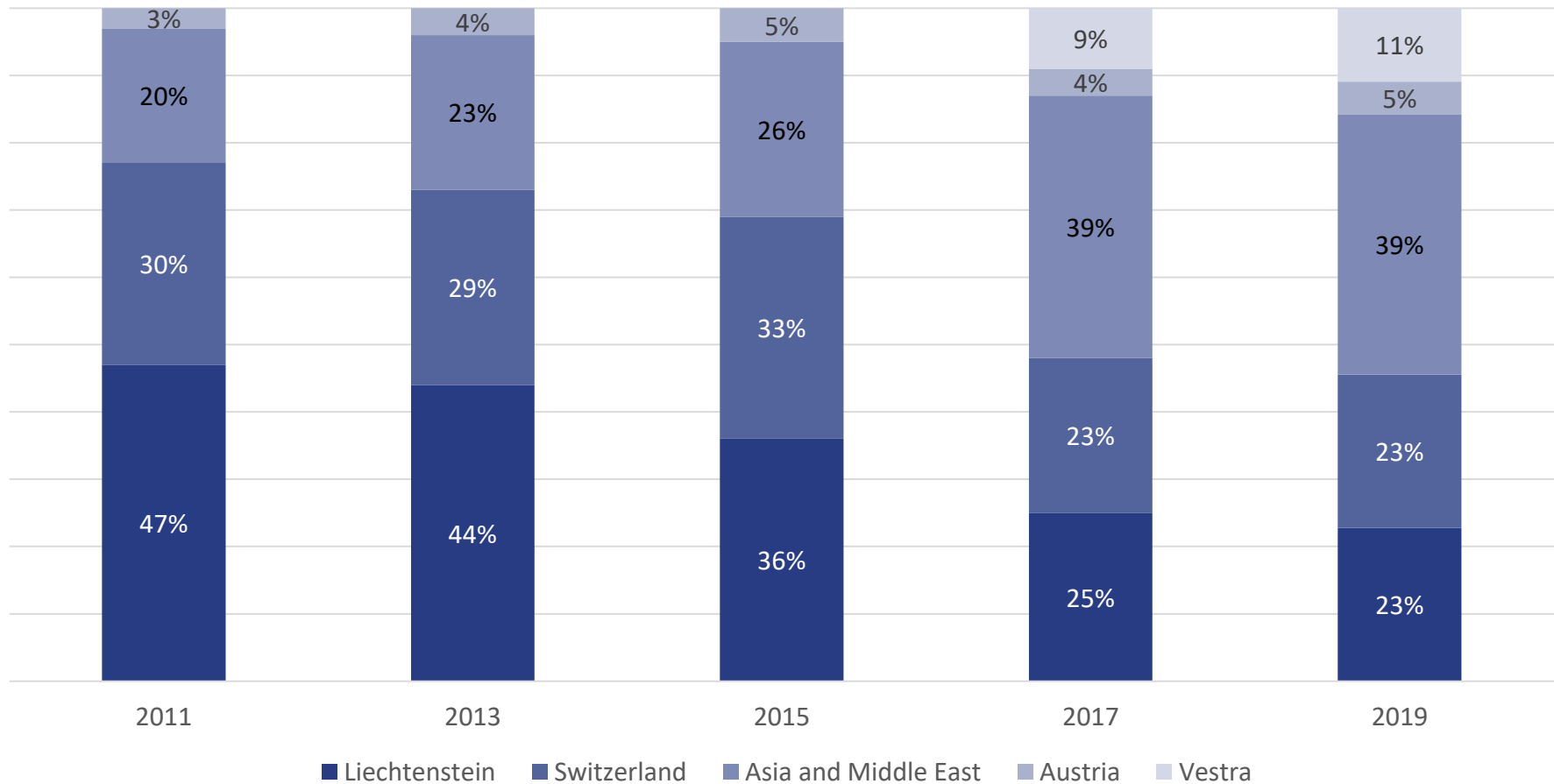
### ■ Strategy

- Continued pursuit of international growth strategy:
  - Reinforcing of strong client base in established markets, organic and acquisitions-based growth, systematic implementation of the growth strategy in new markets, e.g. expansion in Thailand, market access initiatives (e.g. India)
  - Broad and market-oriented investment and trading expertise
- Leveraging of LGT Capital Partners and LGT Lightstone investment expertise in Private Banking, specific offering in traditional and non-traditional investments (e.g. co-investments in private equity, sustainable and impact investments)
- High level of standardization in the middle and back offices as well as in IT and the centralized functions

### ■ Strategic priorities

- Digitalization initiatives (LGT SmartBanking for intermediaries, Wealth Advisory, Client Lifecycle Management)
- “Trusted advisor”: stronger positioning of the LGT brand, further strengthening of the client experience and focus on clients
- Continuous improvement of profitability, use of economies of scale
- Implementation of Sustainability Strategy 2025
- Employer of choice for existing and new employees

# Assets under administration in Private Banking 2011–2019 (by location)



## Asset Management (LGT Capital Partners)

- Strategy
  - Separate business and organizational unit with a global presence; global distribution aimed at institutional investors
  - Investment and product focus on alternative investments and multi-asset products with holistic ESG integration
  - Implementation of the investment strategy both through the selection of external managers and direct investments made by in-house teams
  
- Market trends
  - Continued strong demand for alternative investments both from institutional and private investors due to attractive risk-return profile
  - Stronger focus on ESG integration in growing number of institutional markets
  
- Strategic priorities
  - Broadening the investor base and strengthening the global sales structure
  - Further expanding the offering and geographic focus in direct investments
  - Building out leadership role in the area of ESG
  - Ongoing further development of investment and product expertise

## Impact investing (LGT Lightstone)

- Strategy
  - Investment strategy focuses on private equity investments in innovative and rapidly growing companies that have a strong positive social and/or environmental impact
  - Implementation by in-house teams
  - Positioning as separate business and organizational unit with a presence in Europe, India, Latin America and Africa
  
- Market trends
  - Growing demand for impact investments driven by increasing importance of the UN Sustainable Development Goals and greater awareness of the underlying megatrends:
    - Pollution as a driver of climate change, plastic waste, loss of biodiversity
    - Increasing social and political polarization
    - Accelerated technological development & innovation of business models
    - Demographic change
  
- Strategic priorities
  - Expanding the investment team in Europe and the back office
  - Fundraising starting in Q3/2020

## Outlook 2020/2021

### Expected framework conditions

- Growing private banking market but declining margins
  - Ongoing consolidation and shift in PB and AM market shares
- Economic and political uncertainties in many regions
  - Uncertain financial markets: clients seeking continuity and stability, transparency and trust
- New client needs: digitalization
  - Increased cyber risks
- Social and environmental imbalances
  - Trend towards sustainable investments
- Increasing complexity of the business, increased regulation

### LGT strategy

- Strategic growth initiatives in Private Banking and Asset Management
  - Selective realization of acquisition opportunities
  - Further strengthening of the LGT brand
- Financial stability and high liquidity are key: active balance sheet management
  - Stable ownership and mgmt. structure
  - Strong geographic diversification of client markets and investments
- Agile, compact, efficient processes & IT
  - Comprehensive risk management
- Sustainability initiatives
  - Venture philanthropy, impact investments
- Initiatives to boost efficiency
  - Proactive regulatory management

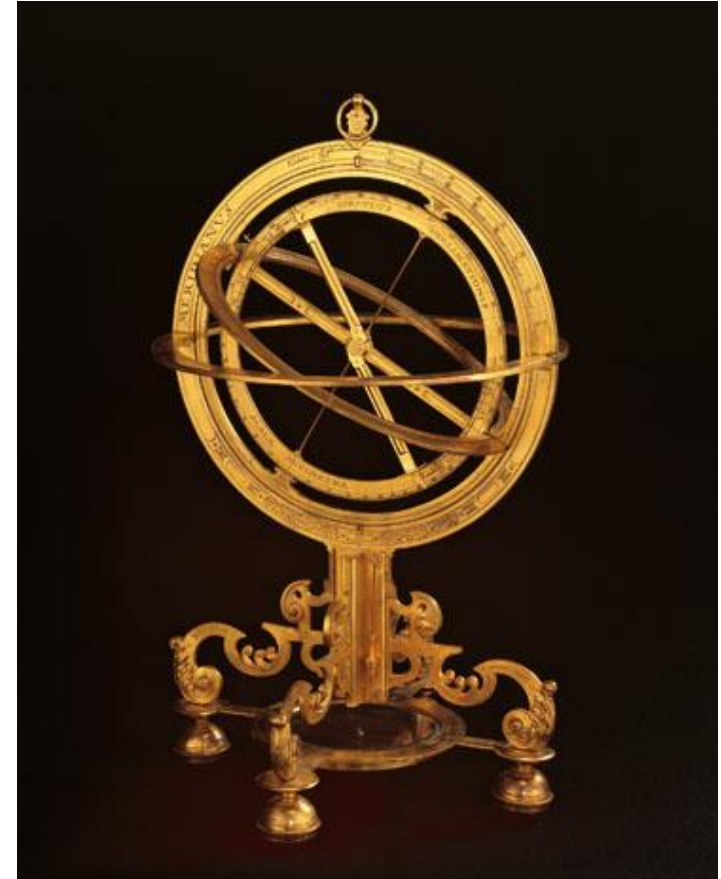
## Picture description

"Equatorial Sundial", c. 1597/1600

**ERASMUS HABERMEL**  
**1540–1606**

Erasmus Habermel was one of the 16th century's most renowned makers of sundials and technical equipment. In October 1594 he was appointed by Emperor Rudolf II to the position of astronomical and geometrical instrument maker in Prague. However, equipment made by him bear inscriptions which indicate that he must have been active in Prague prior to this in the years 1576 and 1580. The instrument is unusual for this epoch, as they were usually designed to be suspended, i.e. without a stand, although this had certain drawbacks in terms of legibility. Erasmus Habermel solved this problem by connecting the sundial's meridian ring to the stand and the compass. The stand is equipped with a compass, enabling the device to be aligned with the magnetic north pole. It also has a plumb line, for geocentric alignment. Once the instrument has been aligned with the points of the compass, its readings are unequivocal. The main parts of the instrument are the fixed vertical meridian ring, with the adjustable annular ring and the horizontal global equator ring. The annular ring is attached to the month slide. It was possible to perform numerous functions with this multifunctional scientific instrument.

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